

Message Text

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ACTION MMO-02

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SUBJ: CERP 0400: MADAGASCAR'S RICE SHORTFALL IN 1978

REFS: (A) 77 ANT A-029, (B) ANT 0172, (C) ANT A-004,
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1. SUMMARY: DUE TO DROUGHT AND MISMANAGEMENT OF THE RICE MARKETING AND DISTRIBUTION SYSTEM, MADAGASCAR WILL HAVE TO IMPORT AS MUCH AS 210,000 TONS OF RICE IN 1978. THIS WILL CAUSE A SERIOUS STRAIN ON FOREIGN EXCHANGE RESERVES, AND IS ALREADY BEGINNING TO AFFECT THE SUPPLY OF OTHER ESSENTIAL PRODUCTS. ALL THIS COMES WITHIN A YEAR OF PRESIDENT RATSIRAKA'S SETTING RICE SELF-SUFFICIENCY AS ONE OF HIS GOVERNMENT'S PRINCIPAL GOALS. END SUMMARY.

2. MADAGASCAR'S CITIES ARE CURRENTLY EXPERIENCING THE MOST SEVERE RICE SHORTAGES IN SEVERAL YEARS. THROUGHOUT THE ISLAND LINES FORM EVERY MORNING AT THE FEW SHOPS WITH RICE TO SELL. PRESIDENT RATSIRAKA HAS PERSONALLY VISITED SEVERAL CITIES, PARTICULARLY IN THE SOUTH AND ON THE EAST COAST TO SHOW HIS CONCERN AND TO PROMISE THAT NEW SUPPLIES ARE ON THE WAY. IN SOME CASES HIS VISIT WAS ACCOMPANIED BY RICE FOR DISTRIBUTION, SOME OF IT FLOWN IN BY HELICOPTER WITH THE PRESIDENT. SINCE THE PRESIDENTIAL TOUR, THE

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PRESS HAS BEEN FULL OF ARTICLES ON THIS SITUATION, REPORTING DELIVERIES OF A FEW HUNDRED TONS HERE, THE ARRIVAL OF A FEW THOUSAND TONS THERE, OR DESCRIBING THE SHORTAGES IN SELECTED CITIES, WITH DARK BUT VAGUE ACCUSATIONS THAT IT IS ALL DUE TO SABOTAGE IN THE MARKETING AND DISTRIBUTION SYSTEM.

3. THE EXTENT AND CAUSES OF THE SHORTAGE ARE, OF COURSE, A

CLOSELY HELD MATTER. PUBLICLY WE ARE TOLD THAT IT IS DUE TO DROUGHT THROUGHOUT THE ISLAND, BUT THERE IS ALSO WIDESPREAD SUSPICION THAT THE GOVERNMENT'S MARKETING POLICIES HAVE SO DISCOURAGED THE PEASANT FARMERS THAT THEY ARE NOW PRODUCING ONLY ENOUGH FOR THEMSELVES PLUS A LITTLE FOR THE LOCAL BLACK MARKET. APPARENTLY THE GOVERNMENT'S PURCHASING AGENTS ARE NOT OVERLY ENTHUSIASTIC IN SEARCHING OUT REMOTE PRODUCERS, AND THEN OFTEN PAY THE FARMER IN IOU'S RATHER THAN HARD CASH, AS DID THE CHINESE AND INDIAN MERCHANTS WHO FORMERLY CONTROLLED THE RICE MARKET. FROM SEVERAL DIFFERENT SOURCES, INCLUDING OFFICIALS IN THE AGRICULTURE, SUPPLY, FINANCE, AND ECONOMY MINISTRIES, WE ARE INFORMED THAT THE TOTAL SHORTFALL THIS YEAR WILL BE ABOUT 320,000 TONS OF PADDY, OR ABOUT 210,000 TONS OF RICE. (NOTE: ANNUAL PRODUCTION IS ABOUT TWO MILLION TONS OF PADDY.) REPORTEDLY ABOUT HALF THE SHORTFALL CAN GENUINELY BE ATTRIBUTED TO DROUGHT, WITH THE REST DUE TO UNDER-PRODUCTION BY DISSATISFIED PEASANTS. WHATEVER THE CASE, THE RESULT IS THAT MADAGASCAR WILL HAVE A SHORTFALL THIS YEAR EQUAL TO ABOUT TWO-THIRDS THE AMOUNT OF RICE WHICH NORMALLY ENTERS THE MONEY ECONOMY, PRIMARILY TO FEED THE CITIES.

4. 50,000 TONS OF RICE HAVE ALREADY BEEN ORDERED, 30,000 TONS FROM PAKISTAN, AND 20,000 TONS FROM BURMA. SOME OF THIS HAS ALREADY ARRIVED AND IS BEING DISTRIBUTED, HOWEVER WITH CONSIDERABLE DIFFICULTY. MADAGASCAR'S ALWAYS DIFFICULT PORT AND LAND TRANSPORTATION SYSTEM HAS BEEN ADDITIONALLY HAMPERED SINCE PORT LIMITED OFFICIAL USE

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WAREHOUSES AT TAMATAVE ARE NOW CLOGGED WITH 20,000 TONS OF CAMBODIAN PADDY IMPORTED IN DECEMBER AND FOUND UNFIT FOR CONSUMPTION. NOW WE SEE THAT SHIPOADS OF RICE ARE BEING UNLOADED AT MAJUNGA (LIKE ALL PORTS BUT TAMATAVE, A LIGHTERAGE PORT). FROM MAJUNGA IT MUST BE TRUCKED 600 KMS TO ANTANANARIVO OR CARRIED BY SMALLER SHIPS TO OTHER PORTS. THUS RICE FOR FIANARANTSOA IS CARRIED BY SMALL SHIPS FROM THE LIGHTERAGE PORT OF MAJUNGA AROUND THE ISLAND TO THE LIGHTERAGE PORT OF MANANKARY, AND THEN BY RAIL TO ITS DESTINATION. ALL THIS TRUCKING, SHIPPING AND RAILING HAS OVERTAXED THE ISLAND'S FRAGILE TRANSPORT AND SUPPLY SYSTEM SO NOW, IN ADDITION TO LINES FOR RICE, THE CAPITAL IS EXPERIENCING LINES FOR SUGAR, COOKING OIL, SALT, AND FLOUR. ALL OF THIS, OF COURSE, IS LAID TO SABOTEURS, WHICH ONLY THE MOST ENTHUSIASTIC RATSIRAKA SUPPORTERS COULD BELIEVE.

5. THE 50,000 TONS ALREADY ORDERED, PLUS THE CURRENT HARVEST SHOULD BE ADEQUATE THROUGH AUGUST. THE CRITICAL PERIOD WILL BE BETWEEN AUGUST AND THE NEXT HARVEST IN DECEMBER. AS CAN BE SEEN FROM PARAS 3 AND 4 ABOVE, AS MUCH AS 160,000 ADDITIONAL TONS OF RICE MAY BE NEEDED. THE LOWEST ESTIMATE WE HAVE HEARD IS FOR 120,000 MORE TONS. TO DATE, THE PRESIDENT HAS ONLY ACKNOWLEDGED THE NEED TO IMPORT THE 50,000 TONS ALREADY ORDERED, AND THERE IS

SOME SPECULATION THAT HE MAY ATTEMPT TO HAVE THE CITY DWELLERS
SUBSTITUTE MANIOC, MAIZE, AND BEANS FOR THEIR CUSTOMARY RICE
DIET. AT THE LEAST THIS SEEMS IMPRACTICAL, AND COULD BE DOWN-
RIGHT DANGEROUS FOR THE LONGEVITY OF HIS GOVERNMENT. RICE IS THE
STAPLE OF THE MALAGASY DIET, ESPECIALLY IN THE HIGHLANDS WHERE
LITTLE ELSE IS EATEN; SO MUCH SO THAT THE ANNUAL PER CAPITA
CONSUMPTION IS 300 LBS. ASIDE FROM THE PROBLEM OF MOVING BEANS,
MAIZE AND MANIOC AROUND THE COUNTRYSIDE, WE BELIEVE THE MALAGASY
CITY DWELLERS WOULD REFUSE TO EAT THESE SUBSTITUTES.

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6. THUS MADAGASCAR IS EXPECTED TO HAVE TO IMPORT FROM 170,000
TO 210,000 TONS OF RICE THIS YEAR, WITH ONLY 50,000 TONS
ALREADY ORDERED, REPORTEDLY ON COMMERCIAL 90 DAY TERMS. EVEN IF
WE ASSUME A CONSERVATIVELY LOW PRICE OF 250 DOLS PER TON, THIS
MEANS A FOREIGN EXCHANGE DRAIN OF FROM 42.5 TO 52.5 MILLION DOLS.
BY COMPARISON, MADAGASCAR'S EXPORTS IN 1977 WERE ESTIMATED AT 288
MILLION DOLS, HER IMPORTS AT 292 MILLION; HER NORMAL HIGH FOR
FOREIGN EXCHANGE RESERVES IS ABOUT 60 MILLION DOLS, THE GOVERNMENT
BUDGET IN 1978 IS 532 MILLION DOLS, AND THE GDP IN 1977 WAS
ESTIMATED AT 1.8 BILLION DOLS. IT SHOULD NOT BE FORGOTTEN
THAT ALL THIS COMES LESS THAN A YEAR AFTER THE PRESIDENT AND HIS
NEW PRIME MINISTER IDENTIFIED SELF-SUFFICIENCY IN RICE AS ONE OF
THE THREE PRIMARY GOALS OF THEIR GOVERNMENT. BARRETT

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